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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

AAA

AGRICULTURAL CONSERVATION: A NATIONAL FARM POLICY

ANY LASTING national agricultural policy, everyone will agree, should give the farmer his fair share of prosperity and should safeguard the long-time interests of the whole Nation. Until recently, individual farmers had little or no control over economic and social forces that caused ups and downs of agriculture.

Necessity for such control was not so evident when foreign markets seemed unlimited and American soil resources inexhaustible. But in the past few years the limits of both foreign markets and soil resources have become increasingly apparent, and farmers, with the aid of Government, have undertaken to develop a farm policy designed to serve the national good.

THE GOAL OF AN AGRICULTURAL POLICY

The policy farmers are developing seeks to provide for the most efficient and economical use and the wisest care of national resources with, at the same time, ample production at prices fair to both consumers and producers.

Specifically, such a program of agricultural conservation would—

- (1) Safeguard soil against exploitation.
- (2) Enable agriculture to provide for the farmer's family a living standard comparable to that enjoyed by the other three-fourths of the country's population.
- (3) Enable agriculture to contribute its share to the business and industry of the Nation through possessing an adequate and stable farm buying power.
- (4) Supply the Nation with food and fiber in abundance, but not in such excess as to penalize the farmer and through him the national economy.

The 1937 program announced by the Agricultural Adjustment Administration under the Soil Conservation and Domestic Allotment Act recognizes these fundamental objectives. It is designed to meet them so far as existing law permits and in the light of current conditions.

PRESENT CONDITIONS THAT MUST BE MET

The specific problem of the 1937 farm program is to make adjustments that are possible under present laws and that will aid agriculture in achieving the goals listed above, in view of present conditions.

The present conditions especially to be considered are :

- (1) Domestic consumption requirements;
- (2) Foreign demand and immediate export outlook;
- (3) Necessity for soil conservation;
- (4) Farm income and its ratio to nonfarm income and the extent to which it might be increased to the benefit of the Nation as a whole; and
- (5) The scope of existing legislation under which a program must function.

Present Rate of Production and Consumption

Between the 5-year period just before the World War and the 5-year period 1928-32 harvested crop acreage in the United States increased from an average of about 320 million acres to 365 million acres. Total farm production increased in about the same proportion. Since 1933 both acreage and production have decreased because of two droughts and because of the adjustment programs.

Domestic Consumption Requirements

Average per-capita domestic consumption of all farm products by human beings has been very stable during the past 25 years, and average per-capita consumption from 1920-29 furnishes a good indication of probable future requirements.

If the incomes of nonfarm families in the low-income groups were increased, somewhat more food would be purchased in this country. An adequate diet for the entire population requires an increase in the national income, and increasing the total supply of food, or reducing retail prices to the 1932 level, would not necessarily bring about this result.

Horses, mules, and other work animals are consuming only about 70 percent as much feed as they did before the war and the development of trucks, tractors, and automobiles. This decline in demand for feed just about equals the increase in the demand for human food because of the increase in population.

Total domestic requirements, then, have increased little, and certainly not so rapidly as production has speeded up. Nor is a marked increase in domestic demand, in terms of volume of physical production, likely in the near future.

As for exports: Foreign demand for American agricultural products has dropped sharply since the World War. During the period 1920-24 American farm exports were equivalent to the product of 65,000,000 acres; in the period 1930-34 they were equal to the product of only 40,000,000 acres. Part of this drop came because European and newly developing countries resumed farm production after the war, but most of the falling-off between 1930 and 1933 was due to the worldwide economic break-down and to restrictive trade policies, including those of the United States.

The trend toward nationalism in some other parts of the world has not been checked. Several European nations are increasing their efforts toward self-sufficiency.

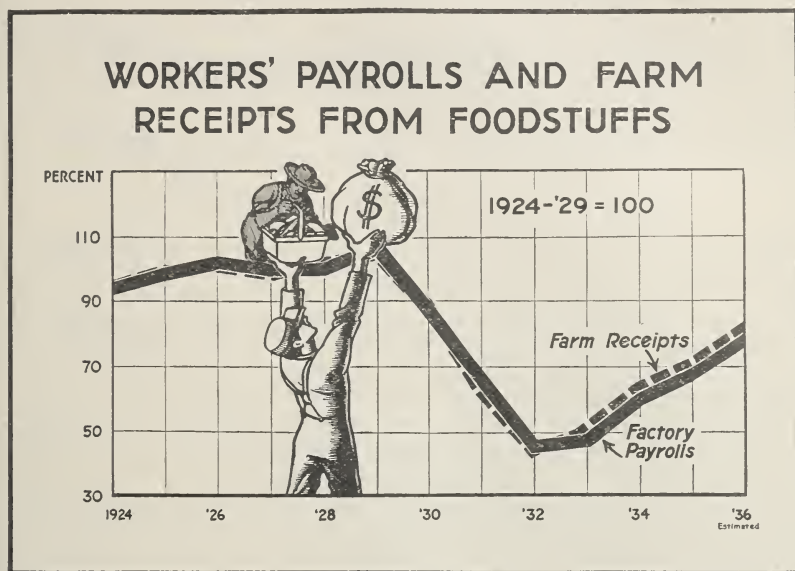
Nevertheless, progress toward better foreign trade in farm products is being made. Economic recovery is widespread, not only in the United States but elsewhere. The trade-agreements program of the United States and the monetary stabilization understandings between

this country and European powers have helped. The level of farm exports from the United States probably has reached its low point and some increases are probable, but the 1920-24 level can hardly be reached within the next 5 years.

LACK OF PLAN MEANS LACK OF BALANCE

To sum up:

During the period just before 1933 American farm production was increasing, domestic consumption remained steady, and exports were falling off rapidly. This unbalanced condition was in part offset, after 1933, by two droughts and the agricultural adjustment programs.



But the same condition could be brought back again by normal growing conditions and by the policy of going ahead without plan, permitting and even compelling farmers to compete with each other in producing and selling.

To remove these sudden and wide fluctuations in production, price, and income, with their bad effects on both farmers and consumers, American farmers must be enabled to adopt a sounder and more scientific farming system. They must be able to produce abundantly, and with the greatest efficiency, and to preserve their soil and its capacity for producing. At the same time they must be able to avoid producing too much.

Conservation Farming Levels Out Fluctuations

Conservation farming, sought and encouraged by the farm program of the Agricultural Adjustment Administration, tends to level out fluctuations in supply and price, whether due to economic or to natural forces.

It means the production of adequate supplies sufficiently and at low cost. It provides for growing crops such as grasses, legumes, and forage, more drought resistant than intensively cultivated crops. It

maintains the producing capacity of the land by reducing the drain on its plant food and protecting it from washing or blowing away.

At the same time, but as a byproduct, it helps to balance the production of major crops against the existing demand for them. Land planted in soil-conserving crops is not growing oversupplies of basic crops to be wasted or sold at a loss to the farmer.

VITAL PRINCIPLE OF SOIL CONSERVATION NEED IS ACCEPTED

The Nation's need to protect and preserve the productivity of its soil has been nationally recognized and accepted as a matter of principle.

But actual national soil conservation is possible only when farm income is adequate. The highs of wartime exploitation and the lows of depression desperation will ruthlessly shoulder conservation farming aside. When farm income is too low as compared with nonfarm income, farmers who know all about the long-time advantages of conservation farming are either forced or tempted to mine their soil in order to meet their immediate need for money.

Farm Income Not Yet on Parity With Nonfarm Income

Gross farm income increased from less than $5\frac{1}{2}$ billion dollars in 1932 to about $9\frac{1}{4}$ billion in 1936, as industrial conditions improved and supplies of farm products reached a better balance. But a 10-percent rise in total national income in 1937 is expected. In that case the gross income of farmers, at the level laid down as an objective in the Soil Conservation and Domestic Allotment Act, would have to be about 10 billion dollars.

To obtain this increased income farmers must either sell more goods at present prices or the same quantity at higher prices, or else prices must rise faster than volume of sales goes down.

Decreasing supplies might raise prices without raising total farm income. On the other hand, it seems that as consumer buying power increases a moderate increase in supplies, except of certain commodities such as cotton, might increase total farm income. But returning suddenly to 1928-32 production levels under present and probable market requirements would reduce farm income.

Income and Conservation Linked

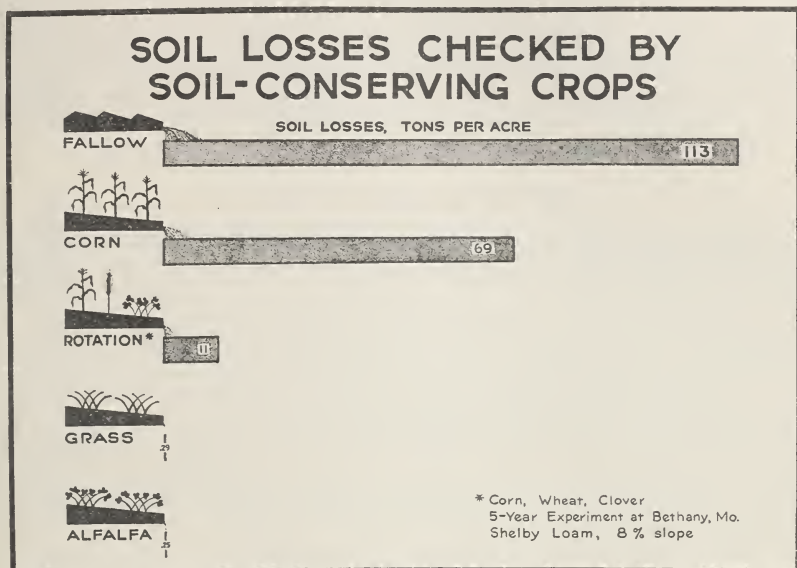
Farm income and soil conservation are definitely linked. Farmers as a group will take part in a general and effective conservation program only if they know that they will be helped to meet the immediate outlay and the temporary loss of income which are involved in conservation farming. They must also know that this outlay and loss will be offset by the greater income-producing power of the individual farm in the future.

Therefore any national soil-conservation program must: (1) Provide direct payments for conservation measures actually adopted, and (2) help to keep national farm income at or near parity with non-farm income, with a proper balance among various types of farming.

PROBLEM IS ONE OF METHOD

Since the principle of the need for soil conservation has been generally accepted, the immediate problem is how to put that principle into action.

Experience has shown that when the individual sees immediate advantage to himself in exploiting his soil more clearly than he sees the long-time benefit to society as a whole in conserving national resources and utilizing them scientifically he is likely to act to his individual and immediate advantage.



United action has, therefore, been more effective than individual action. The Soil Conservation and Domestic Allotment Act, through the method of grants or payments for conservation measures on individual farms, furnishes for this united action a mechanism that makes it unnecessary for the individual farmer to sacrifice too heavily in the hope that all other farmers will do the same thing and that all will profit in the long run.

Scope of Existing Laws

The Soil Conservation and Domestic Allotment Act specifically enumerates the policies of Congress governing this legislation, as follows:

- (1) Preservation and improvement of soil fertility.
- (2) Promotion of the economic use and conservation of land.
- (3) Diminution of exploitation and of wasteful and unscientific use of national soil resources.
- (4) Protection of rivers and harbors against the effects of soil erosion for the purpose of aiding flood control and maintaining navigability.
- (5) Reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between purchasing power of the net income per person on farms which prevailed from August 1909 to July 1914, and the maintenance of this ratio.

Under the present statute only the first four objectives may be sought through Federal grants direct to producers. No such grants may be made for the purpose of adjusting farm and nonfarm income.

How Payment Method Is Used

Payments are made direct to the individual farmer for (1) shifting a specified proportion of his land from soil-depleting crops to soil-conserving crops, and (2) for carrying out certain soil-protecting and soil-building practices not necessarily involving crop shifts.

Each farmer decides for himself whether his temporary financial sacrifice in practicing soil conservation is sufficiently offset by (1) the direct payments he is to receive; (2) the ultimate improvement in the income-producing power of his farm; and (3) the tendency toward a national balance in agriculture produced by the collective cooperation of his neighbors.

How Great a Shift Is Desirable?

Enough acres must be shifted from soil-depleting crops to conserve soil productivity and at the same time to allow for such a balance between supply and demand as will sustain farm income. Without adequate farm income, soil-conservation efforts will fail.

Demonstration projects indicate that a farming system based on good conservation principles would involve shifting about 20 percent of the land formerly used in the country as a whole for row or inter-tilled crops, with variations according to type-of-farming areas. The regional adjustment project and the county planning project indicated that reductions in acreages of all soil-depleting crops are needed. Recommendations have been obtained from farmers in more than 2,400 counties.

Effect on Livestock Producers

For different farming enterprises immediate problems and aims within the broad scope of conservation are widely different. Producers of meat, milk, and other livestock products, for example, sometimes regard their interests as in direct conflict with the interests of farmers who produce grain and other feedstuffs for sale. But maintenance of an assured and adequate supply of feed is essential to the livestock industry.

On the western ranges overgrazing is the threat to continued productivity. It destroys vegetative protection and exposes the soil to erosion. It depletes water supplies. It exhausts the growth of native grasses. Drought has brought the problem into sharp focus.

Reduction of livestock numbers in the range country is not the only answer to the conservation problem there. Definite conservation steps which farmers, through the assistance of the Government, are enabled to undertake, offer a scientific approach. Deferred or rotation grazing, contouring, development of springs and seeps, building reservoirs and dams for holding rainfall, digging wells, water spreading, reseeding depleted ranges, building of range fences, control of rodents, plowing of fire guards, and destruction of sagebrush are definite steps which can be taken—if the range owner is financially able to undertake them or can be assisted through the conservation program—toward preserving and protecting the feed supply for his herds.

Contemplating an increase in the national total acreage of hay, pasture, and forage crops, in the interest of soil conservation, some livestock producers have feared a corresponding increase and surplus in the national output of livestock products. But an acre of hay or

pasture produces less animal nutrient than does an acre of cultivated crops. A shift to grass in the grain-producing regions means less, rather than more, feed for livestock and consequently no undue increase in supplies of livestock products. And a proper proportion of grass and forage in the ration produces milk and meat more cheaply and of better quality than that produced with an uneconomic preponderance of concentrated feed in the ration.

For both range and feeder livestock enterprises, conservation farming leads toward the same goal, balanced output and maintenance of ability to produce in future.

STABILIZATION A GOAL OF CONSERVATION PROGRAM

Ability of the soil, over a long period, to produce an adequate and stable supply of farm commodities is the main goal of a conservation program that involves and encourages the planting of drought-resistant, soil-conserving crops on a greater proportion of the Nation's farm land.

Other safeguards of farm income are also being considered. Important among these safeguards are the retirement of submarginal land, a plan for crop insurance, and an ever-normal granary.

Another measure that would tend to protect farmers against price wreckage in times of towering surpluses is a fully effective plan for production control.

The soil-conservation program tends toward stabilization of production, as a byproduct of its primary objective. In years of big crops it causes a reduction in the acreage devoted to surplus export crops. In drought years it increases production of forage and other feed crops which in such years suffer less loss of yield than do the major cultivated crops. But this degree of production control is a byproduct of the program. While it might prove adequate in normal situations, the experiences of 1932 and 1933 indicate that such acute emergency surpluses can be met only through a separate measure with production control as its primary objective. If such a measure were established it could be operative only in years of surpluses, and inoperative in other years.

A crop-insurance plan, voluntary and fitted into the conservation program, might include provision for storage of supplies and be so devised that farmers in one area would not have to pay for the risks of farmers in other areas. One proposed plan contemplates that premiums and indemnities would be paid in kind. Such a plan, carried out over a period of years and on a sufficiently large scale, would be an ever-normal granary protecting consumers against fluctuations of supply and farmers against fluctuations of income.

A particularly successful feature of the adjustment programs and the 1936 conservation program has been the principle of decentralized, democratic control and administration of the program by committees of farmers selected by farmers. Advisory and administrative functions vested in these committees have enabled them to adapt the national program to the needs and the situations of regions and localities.

That democratic principle is retained and extended under the provisions of the 1937 program.

Eleven Essentials of a National Farm Policy

What are some of the essential elements of a national farm policy that will give the Nation agricultural security in its broadest sense? Here are several which come to mind:

1. Opportunity for farmers to organize effectively in their own interests, insofar as such interests coincide with the general welfare.

2. Farm prices that are fair and stable, to keep farm income on a basis of reasonable equality with nonfarming income.

3. Supply of farm products in line with adequate domestic consumption and foreign demand.

4. Foreign policies that do all that can be done in conformity with peaceful relations, to expand foreign markets for American farm products.

5. Conservation of natural resources, especially our precious heritage of the soil.

6. Retirement of submarginal land from cultivation and its use for purposes for which it is best suited.

7. Crop insurance.

8. Storage of reserve supplies of food and fiber.

9. Increased security of tenure for both tenants and owner-operators, and better possibilities for tenants to become owners.

10. Increased opportunity for those farm people whose standard of living is now barely on a subsistence basis.

11. Industrial policies that encourage abundance for wage and salary workers and farmers.

All these things have a direct bearing on agricultural security. Along with them should be included others, such as farm credit and national monetary policy. I cite them not as a complete platform for agriculture, but to suggest that they are some of the things farmers are interested in.

H a w a l l a c e
Secretary.